EQUITY, SPECIFIC PERFORMANCE, EQUITABLE CONVERSION AND OWNERSHIP. (*From Professor Langdell's Lectures.*) — Equity has deduced from specific performance two important and far-reaching principles which affect the substantive rights of parties. One principle is that of equitable conversion; the other is, that the party entitled to a thing under a contract is regarded as owner of it in equity. Equitable conversion takes place when the result of the contract will be an actual conversion of property into realty or personalty; equitable ownership takes place when the performance of the contract will change the ownership.

The establishment of these principles is not a necessary consequence of enforcing specific performance. If the principle of equitable ownership had not been recognized, specific performance might easily have been prevented by conveying the property; yet the principles are entirely independent. The question of equitable conversion ought to stand and be decided by itself, without reference to the question whether the agreement will be specifically enforced. This distinction is not recognized or acted on in the authorities, which decide as if the question rested on enforcing specific performance.

The foundation on which these principles are established is the equitable principle of treating as done what ought to have been done, from the time when it should have been done. Equity adopted this as a principle of fundamental justice, and the justice of it had to be made clear before it was adopted. It should clearly extend only so far as it would do justice, and should not stop at the point where equity refuses to enforce specific performance.

Suppose, for instance, a contract for the sale of a vessel; the purchase-money has all been paid, but title to the vessel has not been conveyed. After the time for conveyance arrives the vendor becomes bankrupt. Even if equity will not enforce specific performance of the contract it should treat as done what ought to have been done, and should enforce the vendee's right to the vessel against the assignee, as it would enforce the right of any other *cestui que trust*. If the vendor remained solvent there would be no reason for invoking the jurisdiction of equity.

This rule is recognized and acted upon in a leading case in Massachusetts, *Clark* v. *Flint* (22 Pick. 231), where the facts were substantially those stated above.